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C O N F I D E N T I A L SECTION 01 OF 03 TRIPOLI 000116

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SUBJECT: SHOKRI GHANEM OUTLINES PLANS FOR LIBYA'S NATIONAL OIL CORPORATION REF: 09 TRIPOLI 862 TRIPOLI 00000116 001.2 OF 003 CLASSIFIED BY: Ger

[1](#)1. (C) Summary: In a February 8 meeting with the Ambassador, the head of Libya's National Oil Corporation (NOC), Shokri Ghanem, expressed support for a "FUNCTIONAL APPROACH" TO U.S.-LIBYAN RELATIONS

[1](#)2. (C) In a February 8 meeting with the Ambassador and Econoff, NOC Chairman Shokri Ghanem welcomed the U.S. Trade Mission (February 20-23), stating that the U.S. Trade Mission's focus on PRICE FLUCTUATIONS: THE NEED FOR A LONG-TERM VIEW

[1](#)3. (C) According to Ghanem, the recent fluctuations in the price of oil have affected the NOC's investment plans, as well as government spending. He stated that the NOC is SEARCHING FOR THE MOST ECONOMICAL EXPATRIATE WORK-FORCE

[1](#)4. (C) The Ambassador raised the issue of expatriates assigned by foreign firms to their Libyan partner companies (NOC-owned) in order to share the burden of WATER TAX

[1](#)5. (C) Regarding a water fee imposed on production companies, the Ambassador asked if this was a breach of contract since the IOCs' agreements with the NOC include PLANS FOR GAS

[1](#)6. (C) In a recent press article, Ghanem said Libya would be investing in new gas projects. When the Ambassador asked whether a gas pricing policy could be used to CONVERTING CONCESSIONS TO EXPLORATION AND PRODUCTION SHARING AGREEMENTS: A LONG-TERM GOAL

[1](#)7. (C) As to whether all agreements with IOCs will be converted to EPSA's, Ghanem stated, "Rest assured, the NOC will honor its agreements," but he did not say if the NOC WILL THE LIBYAN NOC BECOME AN INTERNATIONAL COMPANY?

[1](#)8. (C) When asked if Libya still planned to convert the NOC to an international company (IOC), he noted that this was still a long-term goal but that the NOC is currently VERENEX: MEDCO WILL BE THE OPERATOR

[1](#)9. (C) Regarding the recent sale of Canadian-owned oil exploration company Verenex, Ghanem said the Libyan Investment Authority (LIA) had purchased the company

[1](#)10. (C) Bio Note and Comment: During the meeting, Ghanem counted Islamic prayer beads, yet appeared relaxed, candidly answering the Ambassador's questions